

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 300 - Resources

Page | 3233

303.08 UNIFORM GIFTS TO MINORS ACT

Most states have adopted the Uniform Gifts to Minors Act (UGMA) that permits making gifts that are tax free to minors. The UGMA is sometimes called the Uniform Transfers to Minors Act.

Under the UGMA legislation:

- An individual (donor) makes an irrevocable gift of money or other property to a minor (the donee);
- The gift plus any earnings it generates is under the control of a custodian until the donee reaches the age of majority established by state law;
- The custodian has discretion to provide to the minor or spend for the minor's support, maintenance, benefit or education as much of the assets as he/she deems equitable; and
- The donee automatically receives control of the assets when he/she reaches the age of majority established by state law (age 21 in Mississippi).

303.08.01 CUSTODIAN

A custodian of UGMA assets cannot legally use any of the funds for his/her own personal benefit. Therefore,

- The assets are not the custodian's resources.
- Additions to, or earnings on the principal are not income to the custodian who has no right to use them for his/her own support and maintenance.

303.08.02 DONOR

Additions to principal may be income to the donor before becoming part of the UGMA principal.

Example: If the donor is a deemor who receives rental income and adds it to a child's UGMA funds, consider the rental income as income for deeming purposes.

Gifts made under the UGMA may involve a countable transfer of resources to the donor, if applicable.